



February 2, 2009

Honorable John Fonfara
Honorable Vickie Nardello
Co-Chairpersons, Energy & Technology Committee
Legislative Office Building - Room 3900
Hartford, CT 06106

Dear Senator Fonfara and Representative Nardello:

We are writing to provide written comments of The United Illuminating Company ("UI" or "Company") on **Raised House Bill 6303, An Act Concerning Compensation of Utility Officers, Directors and Employees**. This Bill is set for hearing on Tuesday, February 3, 2009 before the Energy and Technology Committee. On that date, UI will be procuring power to serve its standard service and last resort service. Accordingly, we will be in New Haven on February 3, and will be unable to provide oral testimony at the Committee's hearing.

This Bill would provide that, regardless of facts or circumstances, the Department of Public Utility Control ("DPUC") is prohibited from approving a public service company's recovery of compensation for any company employee (including an officer) or director in an amount greater than two times the annual compensation of the State's Governor. UI has several concerns regarding this Bill.

The Bill is unnecessary. The DPUC is required under Conn. Gen. Stat. §§ 16-19 and 16-19e to review all of a public service company's operating costs, including compensation costs, when the company seeks to amend its rates. The DPUC approves recovery only of costs that it determines are reasonable. In contrast, the Bill pre-determines an arbitrary cap. If the DPUC were, after full examination, to determine that a necessary utility job position reasonably requires a company to pay more than the amount set forth in the legislation, then the DPUC needs to be able to approve the level of compensation that it determines to be reasonable.

If a public service company were to lose, or be unable to attract, a top quality work force, then its service, efficiency and financial status would inevitably suffer, thereby harming the public interest if public service companies cannot meet their public service obligations. Delivering reliable electric service and high quality customer service requires a team of qualified, dedicated and competent employees performing at exceptional levels. This legislation would severely impede the ability to attract the

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talented individuals needed to sustain the service levels Connecticut's electric customers are accustomed to.

It is not clear whether the Bill intends to apply only to distribution revenues, which are within the State's jurisdiction. Because transmission revenues are considered and approved by the Federal Energy Regulatory Commission, the Bill could not lawfully apply to transmission revenues.


The Bill provides that it does not preclude paying compensation from sources other than rates. The only other sources would be another line of business or earnings from the regulated public service company business. Neither course is practical, since it would require a subsidy to distribution customers.

If a cap on compensation were to be considered, it should be considered equally for employees, officers and directors of all municipal and state governmental entities, including universities, as well as other state-regulated industries such as insurance and health care, and not single out public service company employees. The pervasive limits on compensation contemplated by this bill would put the state at a serious disadvantage, however, in competing with similar entities in other states.

UI thanks the Committee for the opportunity to provide these comments regarding **Raised House Bill 6303, An Act Concerning Compensation of Utility Officers, Directors and Employees**. If the Committee has any questions regarding the Company's concerns, please call one of us at 203-499-2430 or 203-499-2045, respectively. You may also contact our Carlos Vazquez at 203-499-2825 or by cell phone at 203-521-2455 at your earliest convenience.

Sincerely yours,


James P. Torgerson
Chief Executive Officer


Anthony J. Vallillo
President & Chief Operating Officer